

## **Filling Ohio's Workforce Training Gaps: Recommendations for Effective Use of ARRA WIA Funds**

**April 20, 2009**

...with job losses so enormous over such a short period of time...the latest crisis challenges the traditional American response to hard times. For decades, the government has reacted to downturns by handing out temporary unemployment insurance checks, relying upon the resumption of economic growth to restore the jobs lost. This time, the government needs to place a greater emphasis on retraining workers for other careers...

—Job Losses Hint at Vast Remaking of Economy, New York Times, March 7, 2009

This policy paper, prepared by Community Research Partners (CRP),<sup>1</sup> makes recommendations for how Ohio can maximize the opportunities presented by the influx of \$138 million in American Recovery and Reinvestment Act (ARRA) funds for the Workforce Investment Act (WIA) to create a more effective workforce development system that addresses the critical training and education needs of Ohio's adult workers and jump-starts the state economy. These recommendations, which are applicable to WIA Adult and Dislocated Worker funds, include: 1) assuring equal access to services; 2) focusing on training; 3) removing administrative barriers; 4) leveraging collaborations; and 5) requiring accountability and transparency. In addition, the paper provides results of a preliminary scan of WIA training policies in other states.

### **Addressing the realities of the Ohio economy<sup>2</sup>**

Ohio's job creation rate has lagged behind the nation for 13 years, and in March 2009 Ohio's unemployment rate was 9.7%, above the U.S. rate of 8.5%. The March 2009 loss of 37,500 jobs brought the total number of unemployed Ohioans to 578,000. The rate at which the economy is shedding jobs is startling. While job loss and economic turmoil are part of all recessions, these data indicate a fundamental restructuring of the economy, with many types of jobs likely not coming back. This necessitates new ways of addressing the challenge, with an intense focus on upgrading and retooling the skills of Ohio's human capital.

### **Challenges to addressing the training needs of Ohio adult workers**

In the current recession, the most urgent need is to get unemployed Ohio adults back to work so that they can support their families, maintain their homes, contribute to the economy, and reduce their dependence on government assistance programs. However, there are a number of obstacles to achieving this:

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<sup>1</sup> Community Research Partners, a nonprofit research and evaluation center based in Columbus, is the lead Ohio agency for the national Working Poor Families Project, which focuses on strengthening the education and skills of the adult workforce, and is the convener of the Ohio Workforce Coalition.

<sup>2</sup> Source for data in this paragraph: Ohio Labor Market Information

- **Education deficit.** The Ohio workforce starts with a baseline of education and training deficits. Nearly half (45%) of all adults of prime working age (25-54)—2.1 million Ohio adults—have no education beyond high school.
- **Funding reductions.** The proposed FY10-11 State Executive Budget reduces, eliminates, or redirects funding for a number adult education and training programs.<sup>3</sup>
- **Structure of the workforce system.** Ohio's highly decentralized system of WIA policymaking and program administration has produced wide variations across the state in the extent to which policies support—and funds are used for—training activities and related services.
- **Focus of workforce system efforts.** There are mismatches within the workforce system: 1) between the traditional focus on job search activities and the need in the current economy for training services; and 2) between the traditional focus on serving a universal customer and the current need for services by low-income, low-skilled populations.

### **The opportunities presented by the ARRA WIA funds**

The significant investment of stimulus funds presents an extraordinary and unique opportunity for the workforce system to accelerate its transformational efforts... **The system's implementation of the Recovery Act should yield not only increased services and training for workers in need, but also an invigorated, more innovative public workforce system capable of helping enable future economic growth and advancing shared prosperity for Americans.**

—U.S. Department of Labor, Training and Employment Guidance Letter 14-08

The American Reinvestment and Recovery Act (ARRA) provides Ohio with an unprecedented opportunity to begin to address the state's workforce training challenges. Through the ARRA, Ohio will receive an additional \$138 million dollars in WIA funds<sup>4</sup>—essentially doubling the amount of annual funding—and the U.S. DOL is encouraging states and local areas to “take an expansive view” of how ARRA funds can be used.

In Training and Employment Guidance Letter (TEGL) 14-08 dated March 18, 2009, DOL repeatedly emphasizes the importance of training and states that the Employment and Training Administration (ETA) “expects the additional workforce funding...to substantially increase the number and proportion of those customers who receive training.” **The TEGL also includes a specific focus on serving low-income populations and a career pathway approach to training.** The ARRA also permits a new avenue to expedite training: **workforce boards may contract directly with education institutions to develop curriculum and train cohorts of WIA participants to prepare for jobs in in-demand occupations.**

Tight timeframes for expenditure of the funds require states to move quickly to take full advantage of ARRA funds, and this will require the collaborative efforts of organizations within and outside of the traditional workforce system. Figure 1 outlines the many ways that WIA ARRA funds can help address Ohio funding and program gaps.

<sup>3</sup> Community Research Partners, Ohio Investments in Adult Workforce Education and Training: An Analysis of the FY 2010-11 Executive Budget, March 27, 2009

<sup>4</sup> \$23,386,373 WIA Adult; \$56,158,510 WIA Youth; \$58,511,252 WIA Dislocated Worker

**Figure 1. How ARRA WIA Funds Can Address Ohio Program Gaps**

PROGRAM	FUNDING AND PROGRAM GAPS	HOW ARRA WIA FUNDS CAN BE USED TO ADDRESS GAPS
<b>Adult Basic Literacy Education (ABLE)</b>	<ul style="list-style-type: none"> <li>State FY10-11 Executive Budget cuts funding by 10% over FY08-09 budget (\$1.67 million)</li> <li>ABLE providers are being asked to broaden their role in pre-college readiness and college developmental education</li> <li>AccelerateOhio funding, which funded Stackable Certificates, is eliminated in the State FY10-11 Executive Budget</li> </ul>	<ul style="list-style-type: none"> <li>Fund programs for WIA participant cohorts at community colleges or career centers that integrate ABLE programming with occupational skills classes</li> <li>Fund Individual Training Accounts (ITAs) for individuals who are dual enrolled in ABLE and occupational skills classes</li> <li>Fund ESL training for individuals with occupational skills who need English skills to gain employment</li> </ul>
<b>Adult Workforce Education (AWE)</b>	<ul style="list-style-type: none"> <li>State FY10-11 Executive Budget cuts funding to Adult Career Technical Education by 19% over FY08-09 budget (\$7.38 million)</li> <li>Non-credit career training is not eligible for state OCOG financial aid</li> <li>Many short-medium term career-technical training programs are not eligible for federal Pell Grant</li> <li>Low-income populations have a difficult time paying for direct training or education costs along with living expenses such as housing, childcare, healthcare, food, and transportation</li> </ul>	<ul style="list-style-type: none"> <li>Fund ITAs for both credit and non-credit courses</li> <li>Fund contracts with career-technical training providers to train WIA participant cohorts for in-demand jobs</li> <li>Fund contracts with community based organizations to train special populations that face multiple barriers to employment</li> <li>Fund curriculum development for in-demand occupations when other programs do not exist</li> <li>Provide supportive services payments (childcare, transportation) to participants in a WIA approved training program, even if WIA is not paying for the actual training</li> <li>Provide need based payments when other supports are not available<sup>5</sup></li> </ul>
<b>Ohio College Opportunity Grant (OCOG)</b>	<ul style="list-style-type: none"> <li>Proposed shifts in how Ohio funds state financial aid means that needy students at most community colleges would get no state aid (OCOG) and funds are cut to private and proprietary schools</li> <li>Lack of OCOG funds will reduce funds available for a student's living expenses such as housing, childcare, health care, and food</li> <li>Non-credit classes are not eligible for OCOG aid</li> </ul>	<ul style="list-style-type: none"> <li>Fund ITAs for both credit and non-credit courses</li> <li>Provide supportive services payment (childcare, transportation) to participants in a WIA approved training program, even if WIA is not paying for the actual training</li> <li>Provide need based payments when other supports are not available (see footnote)</li> </ul>
<b>Ohio Skills Bank (OSB)</b>	<ul style="list-style-type: none"> <li>OSB funding has supported collaboration, planning, and data collection, but no funds have been available to implement programs to address identified skill gaps</li> <li>Dedicated OSB funding eliminated items in the State FY10-11 Executive Budget</li> <li>The OSB Initiative has not strongly engaged the public workforce system</li> </ul>	<ul style="list-style-type: none"> <li>Use of OSB data by local workforce boards to target training funds and direct WIA clients to in-demand occupations</li> <li>Fund contracts with education and training providers (community colleges, adult career centers) to develop curriculum and train WIA participant cohorts to fill OSB-identified gaps</li> <li>Engage local workforce boards in OSB process to build collaborations that can help fast-track expenditure of funds and better serve clients</li> </ul>

<sup>5</sup> There are administrative hurdles associated with providing needs based/needs related payments. However, these payments are clearly encouraged in DOL Guidance and in WIA regulations. Local areas should be strongly encouraged to find a way to administer these payments when appropriate.

## **A strong state policy role**

Ohio has built a complex workforce development system with wide variation in policy, quality, and quantity of services among local areas. The State of Ohio has an unprecedented opportunity to lead and support local areas in the implementation of the ARRA to ensure that activities throughout Ohio align with the spirit of the ARRA and the guiding policy behind it. State action on these five recommendations can move Ohio toward this result.

- 1. Assure equal access to services:** establish policies to assure that Ohioans have equal access to the workforce system and WIA resources, no matter where they live.
  - a. No local area should set policies regarding the expenditure of funds that would result in services that are more limited than those described in TEGL 14-08.
  - b. No local area should set a policy that would result in a more restrictive interpretation of a “targeted individual” than what appears in TEGL 14-08, and priority for services should be for low-income persons.
  - c. Unspent funds should be quickly reallocated to other local providers who can assure that funds will be spent within required timelines and that local services are uninterrupted.
- 2. Focus on training:** training leading to employment should be the core focus of ARRA programs.
  - a. Each area should allocate the majority of ARRA WIA Funds for training; a recommended training expenditure is 70% of ARRA funds.
  - b. ARRA WIA training funds should be used for curriculum development and training for in-demand jobs, such as those identified by the Ohio Skills Bank.
  - c. Training activities should be broadly defined to include:
    - Occupational training at an adult career center, community college, or branch campus or other WIA-eligible training provider
    - Basic literacy, adult education, and English classes
    - Supportive services or needs-related payments provided to an individual participating in a WIA eligible training program, regardless of whether or not ARRA WIA funds are paying for the training itself
- 3. Remove administrative barriers:** administrative barriers should be identified, and addressed, so their impact is quickly mitigated to the extent possible.
  - a. The state should provide training, technical assistance, and additional administrative resources to local areas to support them in overcoming administrative barriers to implementing new policies and effectively spending down ARRA resources. This includes assistance with adequate staffing levels, administrative time tracking, maximizing expenditure rates, and performance measurement.
  - b. To ensure adequate staffing at the state and local levels, contract positions for the 2-year duration of the ARRA funds should be strongly considered.

- c. Each local area should develop policies for how they will administer needs based/needs related payments to supplement student aid (Pell, OCOG) as needed.
- d. Provide training for local workforce boards, county agencies, and their collaborators in models, innovations, and best practices in WIA policies and programs from across the state and nation.

**4. Leverage collaborations:** collaborations should be encouraged and supported to expedite effective expenditure of funds and to support transformation of the workforce system.

- a. Local workforce boards and county departments should strengthen efforts to establish meaningful and innovative collaborations with community service providers, education institutions, training providers, and other recipients of ARRA resources<sup>6</sup> to most effectively serve individuals and spend down ARRA funds.
- b. State WIA Governor's Discretionary Funds should be used for competitive grants and RFPs should award extra points to areas able to demonstrate innovative strategies to foster meaningful collaborations and outreach to targeted populations.
- c. ARRA WIA dollars should be used to support Ohio Skills Bank implementation activities, and the workforce system should be actively engaged in these activities. OSB's demand-driven approach to workforce development is data driven, actively engages employers, and connects many of the system's stakeholders.
- d. Local areas should connect with community or social service agencies that have been successful in outreaching to low-income and other targeted populations that are a focus of the DOL ARRA guidance. These agencies should conduct specific outreach to targeted populations and be allowed to complete a first level of intake to the system.

**5. Require accountability and transparency:** accountability and transparency of ARRA expenditures and services must exist for workforce professionals and Ohio residents.

- a. Each local area should be required to submit their updated local plan for a period of public notice and comment to ensure that stakeholder organizations and the public are able to provide input.
- b. The state should use WIA Governor's Discretionary Funds to expedite the development of an improved data system for the state that provides uniform data on the amount of funding spent on training, populations served, training activities funded, and training and employment outcomes for workers.
- c. The state should develop a new committee of the Governor's Workforce Policy Board and charge it with the role of soliciting feedback from local stakeholders on performance of the local areas.

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<sup>6</sup> See Figure 3.

## What other states are doing

CRP's recommendations were developed after a brief review of state-level WIA policies and practices in several states. These states have demonstrated—or are exploring—innovative ways to integrate workforce development strategies across initiatives and to reduce administrative barriers associated with WIA funding. They offer lessons for Ohio (Figure 2), and CRP will continue to gather information on their implementation and impacts to help inform Ohio policy.

**Figure 2. Selected WIA Policies of Other States**

POLICY	STATES
Increase training by setting a minimum amount of annual allocations to be spent on training and on services that help individuals to be successful in training.	<b>Illinois</b> —40% of funds <b>Wisconsin</b> —35% of funds
Establish a statewide definition of what is counted as training expenditures including bridge programs and supportive services for those in training and/or bridge programs.	<b>Illinois</b> —Full definition of training in section VI of: <a href="http://www.commerce.state.il.us/NR/rdonlyres/7F4375E9-9527-4ABE-838A-12455F174C18/0/07PL40TrainingExpenditureRequirements.pdf">http://www.commerce.state.il.us/NR/rdonlyres/7F4375E9-9527-4ABE-838A-12455F174C18/0/07PL40TrainingExpenditureRequirements.pdf</a>
Establish a minimum percent of ARRA WIA funds to be spent on training and training related services to ensure that these funds are spent according to ARRA guidance in DOL TEGL 14-08.	<b>At least 5 states are working to establish baselines for expenditures of ARRA WIA funds. Targets range from 70-80% of the allocation.</b>
Actively promote programs that integrate basic skills or ESL classes with credit bearing occupational training to increase transitions into post-secondary education and training.	<b>Washington</b> —I-Best <b>Kentucky</b> —Dual Enrollment <b>Wisconsin</b> —Bridge Programs
Encourage strong state-level leadership in determining workforce development policy.	<b>Illinois</b> —Illinois Workforce Investment Board State Plan Taskforce <b>Virginia</b> —Workforce Development sub-cabinet established with the Governor as Chief WFD Officer
Promote apprenticeship & pre-apprenticeship programs in the trades and assure that low-income, disadvantaged populations are targeted for participation or represent a baseline number of participants/apprenticeship hours.	<b>Missouri DOT</b> —30% <b>Illinois</b> —Employment Opportunity Grant Program <b>Michigan</b> —JOBS NOW

Source: Community Research Partners interviews, Working Poor Families Project, and CLASP.

## Beyond WIA: other ARRA resources for workforce training

The focus of this brief has been the opportunities available with ARRA WIA funds. However, the ARRA provides many other funding streams that are related to workforce education and training but are independent of the WIA funding streams. DOL guidance encourages states to align programs, and such alignment will allow programs to leverage each other's strengths, make the most of what is still a finite set of resources, and expand or enhance initiatives that will sustain themselves beyond the ARRA funding cycle. Figure 3 includes just some of these areas, but opportunities for cross-agency collaboration are clear—especially when looking at who is eligible for the programs and how the funds can be used.

**Figure 3. Other ARRA resources for workforce training**

OTHER ARRA OPPORTUNITIES	WHO IS ELIGIBLE	HOW FUNDS CAN BE USED	OHIO'S SHARE & MORE INFORMATION
Community Service Block Grants (CSBG) <i>U.S. Department of Health &amp; Human Services/ODOD</i>	States, tribes, Community Action Agencies, migrant and seasonal farm workers	Activities that meet the needs of low-income persons, including employment, education and support services	\$38,976,102 ARRA CSBG FAQ's: <a href="http://www.acf.hhs.gov/programs/ocs/csbq/gna.html">http://www.acf.hhs.gov/programs/ocs/csbq/gna.html</a>
Weatherization Assistance Programs (HWAP) <i>U.S. Department of Energy/ODOD</i>	Income eligible home owners through Community Action Agencies and other nonprofit community organizations	To install energy efficient measures in the homes of qualifying home owners; HWAP will create many jobs	\$266,781,409 million DOE Ohio Page: <a href="http://www.energy.gov/ohio.htm">http://www.energy.gov/ohio.htm</a>
On the Job Training & Supportive Services <i>Department of Transportation/ODOT</i>	Women, low-income populations, and other marginalized workers	Pre-Apprenticeship Programs; supportive services; on-the-job training; <b>Funds are ONLY available if ODOT applies</b>	\$20,000,000 (national figure) <a href="http://www.dot.state.oh.us/Divisions/Communications/Pages/FederalStimulusProjectListing.aspx">http://www.dot.state.oh.us/Divisions/Communications/Pages/FederalStimulusProjectListing.aspx</a>
Pell Grant <i>U.S. Department of Education</i>	Low-Income Post-Secondary students	Tuition, fees, books, transportation, living expenses.	\$500/year increase in Pell maximum <a href="http://www.ed.gov/policy/gen/leg/recovery/implementation.html">http://www.ed.gov/policy/gen/leg/recovery/implementation.html</a>
Unemployment Insurance <i>U.S. Department of Labor/ODJFS</i>	Unemployed individuals	Extends UI payments and expands reemployment services	\$400,000,000; \$250,000,000 for reemployment services <a href="http://unemployment.ohio.gov/">http://unemployment.ohio.gov/</a>

## Next steps for Ohio

The ARRA presents a tremendous opportunity for the state of Ohio, and with opportunities come expectations. Community Research Partners and other organizations across the state will continue to work to support effective use of ARRA funds in Ohio. We hope that the information and recommendations in this brief will provide a context within which to do so.

## Resources

The following documents can be found on the home page of the Ohio Workforce Coalition:

[www.ohioworkforcecoalition.org](http://www.ohioworkforcecoalition.org):

- U.S. Department of Labor, Training and Employment Guidance Letter 14-08
- The Workforce Alliance, ARRA Side-by-Side Analysis
- CRP, Ohio Investments in Adult Workforce Education and Training: Analysis of FY 2010-11 Executive Budget

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